

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines**

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June 1998

ITEMS TO REMEMBER

JUNE

June 1: Prove the Fund Ledger and Ledger of Receipts for the month of May to the control of all funds and reconcile the control with the depository statement. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.

June 20: Payment for school aid bonds and coupons coming due in July must be made to civil townships by reorganized school corporations where the reorganized plan provides for such payments or where the board of school trustees has provided for such payments by resolution. (IC 20-4-1-35; IC 20-4-1-38)

Last day to report and make payment of state and county income tax withheld during May to the Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, of "The School Administrator and Uniform Compliance Guidelines.")

June 30: Close out all payroll deduction clearing accounts. Balance and close the Fund Ledger and Ledger of Receipts for the school year and reconcile with depositories. Total the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances (January 1 to June 30). Close the ledger for the school year and prove to the Fund Ledger.

School Board Members taking office in July, file certified copy of oath in the Clerk's Office. (IC 5-4-1-4)

JULY

July 1: Open a Fund Ledger and Ledger of Receipts for the next school year by entering the balance of each fund as determined and proved for June 30. Open a Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances for the next school year by entering in each program account the balance of unexpended appropriations, and by entering in each expenditure account within each program, the balance of the unexpended allotment.

July 4: Independence Day - Legal Holiday. (IC 1-1-9-1)

July 20: Last day to report and make payment of state and county income tax withheld during June to Department of Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, "The School Administrator and Uniform Compliance Guidelines.")

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July 31: Last day to file Federal Quarterly Report, Form 941, with the Internal Revenue Service for federal and social security taxes for the second quarter.

AUGUST

Aug 1: Prove all ledgers for the month ending July 31 as outlined for the month of June.

Aug 15: Not earlier than August 1 or later than August 15 the secretary of the board of school trustees is to publish an annual financial report, one time in accordance with IC 5-3-1-1 et seq.

Aug 20: Last day to report and make payment of state and county income tax withheld during July to Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, "The School Administrator and Uniform Compliance Guidelines.")

Aug 31: Last date for the first publication of budgets (10 days prior to the public hearing). (IC 6-1.1-17-3)

NOTE: See the September "The School Administrator and Uniform Compliance Guidelines" for new "last" budget dates or call the State Board of Tax Commissioners at 317-232-3773.

Prior to September 1 of each year, the superintendent of each school corporation shall cause to be made by the Office of the State Fire Marshall an inspection of all heating systems and supporting fuel lines used for school purposes. (IC 20-5-43-2)

SCHOOL BOARD MEMBER COMPENSATION - PER DIEM

IC 20-5-3-6 states in part "(a) . . . the governing body of each school corporation by resolution shall have the power to pay each of its members a reasonable amount for service as a member, not to exceed:

- (1) two thousand dollars (\$2,000) per year; and
- (2) a per diem not to exceed the rate approved for members of the board of school commissioners under IC 20-3-11-2(c)."

IC 20-3-11-2 states in part "(c) the members of the board are entitled to receive compensation not to exceed the amount allowed under IC 20-5-3-6 and a per diem not to exceed the rate approved for members of the city-county council established under IC 36-3-4 for attendance at each regular and committee meeting **as determined by the board.**" (Our Emphasis)

The State Board of Accounts has consistently been of the audit position to not take audit exception to reimbursement of board members in accordance with the foregoing and compliance with IC 5-14-1.5-4 of the Open Door Law which states in part "(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7.
 - (c) The memoranda are to be available within a reasonable period of time after the meeting for the purpose of informing the public of the governing body's proceedings. The minutes, if any, are to be open for public inspection and copying."

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We can understand situations where a board of school trustees may formally determine a need to have board members that are not on a committee attend committee meetings for various purposes, for example testimony; gathering information for other committees; etc. Accordingly, we would not take audit exception to a board of school trustees authorizing board members to attend committee meetings within the guidelines as stated above.

We are of the audit position board members which have not been formally authorized by a board of school trustees to attend committee meetings for school corporation related purposes, should not receive compensation for attendance at committee meetings.

TRANSFER TUITION

A question arises from time to time concerning students who were residents of and attended another school corporation through their eleventh year. They became residents of and enrolled in your school corporation for the first semester of their twelfth year. However, during the first semester, the legal settlement of the student was again changed to another corporation. The question concerns whether or not the school corporation is required to permit the student to complete the twelfth grade without payment of transfer tuition.

IC 20-8.1-6.1-1(7) states "Where a student's legal settlement is changed after the student has begun attending a school in a school corporation in any school year, the effective date of change may:

(A) at the election of:

(i) the parent;

(ii) the student if the student is eighteen (18) years of age or older; or

(iii) a juvenile court conducting a proceeding under IC 31-34-20-5, IC 31-34-21-10, IC 31-37-19-26, or IC 31-37-20-6 (or IC 31-6-4-18.5 before its repeal);

be extended until the end of that semester; or

(B) at the discretion of the school, until the end of that school year.

However, that election, where a student has completed grade 11 in any school year, shall extend to the end of the following school year in grade 12."

Since the student in question was not enrolled in the school corporation of current legal settlement for any prior years but did enroll for the first semester as a resident student to commence grade twelve, the student should be permitted to complete the first semester if the student or the student's parents so elect, without a charge for transfer tuition. Also, if the school corporation elects to do so, the student may attend the remainder of that year without charge for transfer tuition.

A.D.A. FLAT GRANT

IC 21-3-4.5-2 concerns the use of the A.D.A. Flat Grant distribution and states "(a) For purposes of this section, 'debt service' does not include interest on temporary borrowing made in anticipation of the receipt of tax revenues or state tuition support distributions under IC 20-5-4-8."

"(b) Each school corporation shall use the distribution in the following manner:

(1) The school corporation may use for its current operating expenses no more than the greatest total dollars it used for operating expenses from the ADA flat grant distribution account in any of the following calendar years: 1973 through 1993.

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(2) The school corporation, if it has debt service, shall use for debt service any remaining amount in the distribution after subtracting any amount used under subdivision (1).

(3) The school corporation may use for the capital projects fund or current operating expense any remaining amount in the distribution after subtracting the amount used under subdivision (2)."

"(c) The budgets of the various school corporations must reflect the anticipated receipts from the state ADA flat grant distribution account. Appropriations shall be made as other appropriations are made."

EXTRA-CURRICULAR INFORMATION

Please provide copies of any information in "The School Administrator and Uniform Compliance Guidelines" which might be applicable to the individual school buildings of your corporation. Examples would be articles directly related to extra-curricular accounts or articles such as the Average Daily Membership (ADM) article below.

AVERAGE DAILY MEMBERSHIP (ADM)

Recent audit reports are continuing to note that records to support Average Daily Membership (ADM) as reported to the Department of Education have not been retained in accordance with IC 5-15, the Preservation of Public Records Law.

The State Board of Accounts is of the audit position that School Officials should maintain all records including ADM records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

The building level Official (Principal, Assistant Principal, etc.) responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed.

UNIFORM CONFLICT OF INTEREST STATEMENT

Please be aware IC 35-44-1-3 does state in part "(d) A disclosure required by this section must: . . .

(5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to the final action on the contract or purchase;

(6) be filed within fifteen (15) days after final action on the contract or purchase with:

(A) the state board of accounts; and

(B) if the governmental entity is a governmental entity other than the state or a state supported college or university, the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase; . . . "

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ESTABLISHING THE ESTIMATED COST OF FIXED ASSETS

The following is an update to estimated cost information provided at prior seminars concerning fixed asset accounting.

When it is not possible to determine the historical cost of fixed assets owned by a governmental unit, the following procedure should be followed.

Develop an inventory of all fixed assets which are significant for which records of the historical costs are not available. Obtain an estimate of the replacement costs of these assets. Through inquiry determine the year or approximate year of acquisition. Then multiply the estimated replacement cost by the factor for the year of acquisition from the Table of Cost Indexes. The resulting amount will be the estimated cost of the asset.

In some cases estimated replacement cost can be obtained from insurance policies; however, if estimated replacement costs are not available from insurance policies, you should obtain or make an estimate of the replacement costs.

If the replacement cost is estimated to be \$76,000.00 and the asset was constructed about 1924, then the estimated cost of the asset should be reported as \$6,840.00.

$$\$76,000.00 \times .09 = \$6,840.00$$

TABLE OF COST INDEXES
1915 TO 1997

<u>Year</u>	<u>Index</u>	<u>Year</u>	<u>Index</u>	<u>Year</u>	<u>Index</u>	<u>Year</u>	<u>Index</u>
1997	1.00	1976	.48	1956	.20	1935	.08
1996	.98	1975	.45	1955	.20	1934	.06
1995	.94	1974	.41	1954	.19	1933	.06
1994	.92	1973	.36	1953	.19	1932	.06
1993	.91	1972	.32	1952	.19	1931	.07
1992	.89	1971	.29	1951	.19	1930	.08
1991	.87	1970	.27	1950	.18	1929	.08
1990	.84	1969	.26	1949	.17	1928	.08
1989	.82	1968	.24	1948	.15	1927	.08
1988	.79	1967	.24	1947	.14	1926	.08
1987	.74	1966	.24	1946	.12	1925	.09
1986	.72	1965	.23	1945	.10	1924	.09
1985	.69	1964	.23	1944	.10	1923	.08
1984	.68	1963	.22	1943	.10	1922	.07
1983	.66	1962	.22	1942	.10	1921	.08
1982	.65	1961	.22	1941	.09	1920	.10
1981	.62	1960	.22	1940	.08	1919	.09
1980	.59	1959	.22	1939	.09	1918	.09
1979	.56	1958	.21	1938	.08	1917	.08
1978	.54	1957	.21	1937	.08	1916	.06
1977	.51			1936	.08	1915	.05

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REIMBURSEMENT GRANTS

Information discussed at the recent School Budget Workshop indicated some inconsistencies in receipt procedures for reimbursement type grants.

The State Board of Accounts is of the audit position that reimbursement grants should be receipted to the fund or funds from which the original expenditures were made in accordance with the grant agreement. Budgetary funds would then require adherence to statutory and other applicable procedural requirements of the State Board of Tax Commissioners, i.e. additional appropriations.

A possible exception to the aforementioned could be if a grant agreement does not prohibit a school corporation from following the provisions of IC 36-1-8-12 which states "(a) If a political subdivision receives state grant money requiring local matching money, the political subdivision shall create a special fund and deposit the grant money and matching money into the special fund. The money in the fund may be used only for the purposes of the grant."

" (b) If a political subdivision completes the project for which the state grant money was provided and money remains in the fund:

(1) the political subdivision shall transfer the state's share of the remaining money to the treasurer of state for deposit in the fund from which the grant was made; and

(2) the political subdivision's pro rata share of the remaining money reverts to the political subdivision's general fund."

However, please note only "state grant money" would be eligible. The local match would require appropriation, (if from budgeted funds) prior to the original transfer.